



DEPARTMENT OF COMMERCE

Submission for OMB Review; Comment Request

The Department of Commerce will submit to the Office of Management and Budget (OMB) for clearance the following proposal for collection of information under the provisions of the Paperwork Reduction Act (44 U.S.C. chapter 35).

Agency: U.S. Census Bureau.

Title: Annual Survey of Entrepreneurs.

OMB Control Number: 0607-0986.

Form Number(s): The online survey instrument does not have a form number.

Type of Request: Revision of a currently approved collection.

Number of Respondents: 290,000.

Average Hours Per Response: 35 minutes.

Burden Hours: 169,167.

Needs and Uses: In an effort to improve the timely measurement of business dynamics in the United States, the U.S. Census Bureau conducts an annual survey focused on employer businesses. The survey is known as the Annual Survey of Entrepreneurs (ASE) and collects information on characteristics of businesses and business owners. The ASE is a supplement to the Survey of Business Owners and Self-Employed Persons (SBO), which provides economic and demographic characteristics for businesses and business owners by gender, ethnicity, race, and veteran status every 5 years. The ASE is an intercensal program that helps assess the health of the economy and provides detailed statistics on businesses and business owners more frequently. The ASE is a joint effort funded by the Ewing Marion Kauffman Foundation, the Minority Business Development Agency (MBDA), and the Census Bureau. The Census Bureau will collaborate with the Kauffman Foundation, the MBDA, and other agencies to ensure the

ASE is as robust and effective as possible.

The inaugural ASE began collection in September 2015 for the 2014 reference year. Corresponding estimates will be released in late summer of 2016. Estimates will include number of firms, sales/receipts, annual payroll, and employment by gender, ethnicity, race, and veteran status. The ASE includes questions from the 2012 SBO long form SBO-1 with additional questions to collect data on entrepreneurs' access to capital. The ASE introduces a new module each year focusing on an important component related to business growth. Proposed module topics include innovation, research and development, technological advances, Internet usage, management and business practices, exporting practices, and globalization. The 2014 ASE module covered innovation and research and development. The 2015 module, the subject of this request, will cover management and business practices. We are proposing no changes to the core questions currently asked on the ASE. The survey samples approximately 290,000 employer businesses stratified by metropolitan statistical area (MSA), frame, and age of business.

This survey will help assess the impact young firms have on the growth of the economy.

Additionally, the survey has a longitudinal component that will allow the growth of the firms in the sample to be tracked and analyzed over time.

This collection allows the Census Bureau to collaborate on the implementation of a key National Academies recommendation for improving the measurement of business dynamics in the U.S. economy, which recommended:

“The Census Bureau Survey of Business Owners (SBO) should be conducted on an annual basis. The survey should include both a longitudinal component and a flexible, modular design that allows survey content to change over time. In addition, the Census Bureau should explore the possibility of creating a public-use (anonymized) SBO or a restricted access version of the data file.”

-Lynch, Lisa M., John Haltiwanger, and Christopher Mackie, eds. Understanding Business Dynamics: An Integrated Data System for America’s Future. National Academies Press, 2007.

The additional sources of capital and financing questions provide information on the financial trends and financial challenges faced by entrepreneurs. Tabulation of the financing questions will offer insight into the type of funding acquired and used by women-, minority-, and veteran-owned businesses. Questions for the 2015 management and business practices module were developed in conjunction with the Ewing Marion Kauffman Foundation, MBDA, and the Census Bureau. Census Bureau labor economists contributed to the development of the management module by identifying relevant questions about entrepreneurs' management, record-keeping, and other business practices. The 2015 ASE module will allow for an assessment of management practices that contribute to business growth. Questions from the management practices module will also provide an understanding of the types of workers used by a business and the types of tasks they perform. The ASE is designed to retain certain businesses in the sample from year to year. This will help track and assess the growth of these firms and changes to their business characteristics over time.

The ASE collection is electronic only. An initial letter that informs the respondents of their requirement to complete the survey and provides survey access instructions will be mailed from the Census Bureau's processing headquarters in Jeffersonville, Indiana. For the 2015 ASE, approximately 290,000 letters will be mailed to employer businesses that were in business during 2015. Initial mailout will occur in June 2016, with a due date of July 27, 2016. There will be two follow-up letter mailings to nonrespondents after the due date. Closeout of mail operations is scheduled for November 2016. Upon the close of the collection period, the response data will be processed, edited, reviewed, tabulated, and released publically.

The survey will collect data on the gender, ethnicity, race, and veteran status for up to four persons owning the majority of rights, equity, or interest in the business. These data are needed to evaluate the extent and growth of business ownership by women, minorities, and veterans in order to provide a framework for assessing and directing

federal, state, and local government programs designed to promote the activities of disadvantaged groups.

The SBA and the MBDA will use the data to allocate resources for their business assistance programs.

The data will also be widely used by private firms and individuals to evaluate their own businesses and markets. Additionally, the data will be used by entrepreneurs to write business plans and loan application letters, by the media for news stories, by researchers and academia for determining firm characteristics, and by the legal profession in evaluating the concentration of minority businesses in particular industries and/or geographic areas.

Government program officials, industry organization leaders, economic and social analysts and researchers, and business entrepreneurs are anticipated users of ASE statistics. Examples of data use include:

- The Small Business Administration (SBA) and the Minority Business

Development Agency (MBDA) to assess business assistance needs and allocate available

program resources.

- Local government commissions on small and disadvantaged businesses to establish and evaluate contract procurement practices.
- Federal, state and local government agencies as a framework for planning, directing and assessing programs that promote the activities of disadvantaged groups.
- The National Women's Business Council to assess the state of women's business ownership for policymakers, researchers, and the public at large.
- Consultants and researchers to analyze long-term economic and demographic shifts, and differences in ownership and performance among geographic areas.
- Individual business owners to analyze their operations in comparison to similar firms, compute their market share, and assess their growth and future prospects.
- Researchers and businesses to understand the innovation and research and development activities conducted by entrepreneurs.

- Researchers and businesses to understand the record-keeping and management practices implemented by entrepreneurs.
- Federal agencies to assess the competitiveness of businesses by ownership characteristics.
- Data users to understand time-series data in certain industries for entrepreneurs.
- Business owners or perspective business owners to gain knowledge about the funding of businesses.

Affected Public: Business or other for-profit, not-for-profit institutions, State, local or tribal government..

Frequency: Annually.

Respondent's Obligation: Mandatory.

Legal Authority: Title 13 U.S.C., Sections 8(b), 131 and 182. Executive Order 11625, Section 1(a)(3).

This information collection request may be viewed at www.reginfo.gov. Follow the instructions to view Department of Commerce collections currently under review by OMB.

Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to

OIRA_Submission@omb.eop.gov or fax to (202) 395-5806.

Dated: March 7, 2016

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